



CITY COUNCIL STAFF REPORT

DATE: July 6, 2016

CONSENT CALENDAR

SUBJECT: APPROVAL OF AMENDMENT NO. 2 TO AGREEMENT 6288 WITH NBS GOVERNMENT FINANCE GROUP FOR ASSESSMENT DISTRICT, LIGHTING & LANDSCAPE MAINTENANCE DISTRICT, COMMUNITY FACILITIES DISTRICT, AND COUNTY SERVICE AREA AUDIT AND ADMINISTRATION SERVICES

FROM: David H. Ready, City Manager

BY: Department of Finance and Treasury

SUMMARY

The City Council will consider an amendment to the current agreement with NBS to provide professional services for County Service Area (CSA) 152.

RECOMMENDATION:

1. Approve Amendment No. 2 to Agreement No. 6288 with NBS Government Finance Group, for County Service Area audit and administration services for the remainder of the current contract term through June 30, 2017, per the schedule of fees as provided in Exhibit A-2.
2. Authorize the City Manager to execute all necessary documents.

STAFF ANALYSIS:

An agreement with NBS was approved by the City Council in October, 2012, and amended in February, 2015, with extension options through June 30, 2017 to provide the City with Assessment District, Lighting & Landscape Maintenance District, Community Facilities District and County Service Area administration services.

Community Service Area (CSA) 152 provides funding for the National Pollutant Discharge Elimination System (NPDES) through a tax levy which is assessed annually by the County of Riverside through property tax assessments. Staff recommends amending the agreement with NBS to include conducting a comprehensive boundary and charge audit and to work with the County Assessor and Auditor-Controller's offices to make assessment changes and corrections as appropriate, and then to provide annual charge administration services.

The current agreement runs through FY 2016-17. Either party may cancel the agreement at any time by providing 30 days written notice.

ITEM NO. 26

FISCAL IMPACT:

The fees for anticipated CSA 152 audit and administration services are as follows:

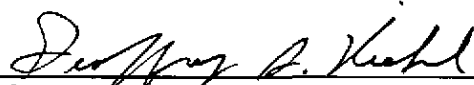
CSA 152 NPDES Charge Review Internal Processes and Procedures, Provide Boundary Audit, and Levy Audit	Consulting Fees
1 Consulting Services	\$22,400
2 Estimated Expenses	1,500
Total Not-To-Exceed of Fees Above	\$23,900

- (1) The Consulting Fees and Estimated Expenses include two on-site visits to the City; one for staff interview and one for the presentation of the recommendations report to City staff. Additional onsite visits may incur additional fees and expenses.
- (2) Customary out-of-pocket expenses will be billed to the City at actual cost to NBS. These expenses may include, but not be limited to travel, lodging, meals, mailing fulfillment, postage, supplies, reproduction, telephone, data, and mapping.

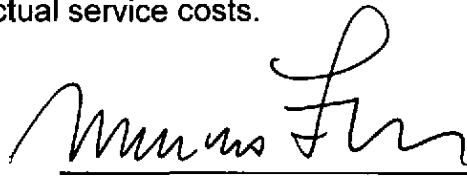
Annual Administration Services for CSA 152 NPDES Charge	Consulting Fees
1 Consulting Services	\$12,750
2 Estimated Expenses	250
Total Not-To-Exceed of Fees Above	\$13,000

- (1) The Consulting Fees and Estimated Expenses include an annual assessment computation and rate analysis, preparation of the annual Engineer's report, noticing and resolution coordination, Public Hearing attendance if requested, and levy submittal to the County.
- (2) Customary out-of-pocket expenses are the same as above.

All fees will be paid out of the tax revenues from CSA 152. There are sufficient funds in account 124-4242-48400 to pay the contractual service costs.



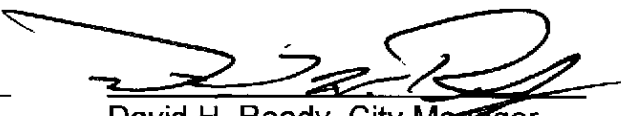
Geoffrey S. Kiehl
Director of Finance and Treasurer



Marcus Fuller
Assistant City Manager



James Thompson
Chief of Staff / City Clerk



David H. Ready, City Manager
City Manager

Attachment:
Agreement Amendment No. 2

**AMENDMENT NO. 2
TO
District Administration, Tax Roll Billing and Related Services
(Agreement No. 6288)**

THIS SECOND AMENDMENT to the Contract Services Agreement No. 6288 for District Administration, Tax Roll Billing and Related Services is made and entered into on _____, 2016 by and between the City of Palm Springs, a California charter city and municipal corporation (hereinafter referred to as the "City"), and NBS Government Finance Group (dba NBS), (hereinafter referred to as the "Consultant") collectively, the "Parties".

RECITALS

A. City and Consultant previously entered into a contract services agreement for District Administration, Tax Roll Billing and Related Services, which was made and entered into on November 13, 2012 (the "Agreement") for three years with two one year renewal options through FY 16-17 in accordance with the schedule of fees set forth in Exhibit "A".

B. Section 3.3, "Changes" allows for changes in the Scope of Services/Work via executed written Amendment.

C. On February 9, 2015, the City and Consultant amended the Agreement (Amendment #1) to add Community Facilities District (CFD) annexation services for the remainder of the term of the agreement through FY 16-17.

D. City and Consultant desire to amend the Agreement (Amendment #2) to add Community Facilities District (CFD) annexation services for the remainder of the term of the agreement through FY 16-17 pursuant to the Scope of Services and Schedule of Compensation in Exhibit A-2.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

AGREEMENT

1. Section 1.1 "Scope of Services" of the Agreement is hereby amended as follows:

"In compliance with all terms and conditions of this Agreement, Consultant shall provide District Administration, Tax Roll Billing and Related Services, including County Service Area Audit and Administration Services, to the City as described in the Scope of Services/Work attached to this Agreement as Exhibits "A" and "A-1" and "A-2" and incorporated by reference (the "services" or "work"). Exhibits "A" and "A-1" and "A-2" include the agreed upon schedule of performance and the schedule of fees. Consultant warrants that all services and work shall be performed in a competent, professional, and satisfactory manner consistent with prevailing industry standards. In the event of any inconsistency between the terms contained in the Scope of Services/Work and the terms set forth in this Agreement, the terms set forth in this Agreement shall govern."

Section 3.1 "Compensation of Consultant" of the Agreement is hereby amended as follows:

"Consultant shall be compensated and reimbursed for the services rendered under this Agreement in accordance with the schedule of fees set forth in Exhibits "A" and "A-1" and "A-2".

2. Full Force and Effect. This modifying Amendment is supplemental to the Agreement and is by reference made part of said Agreement. All of the terms, conditions, and provisions, thereof, unless specifically modified herein, shall continue in full force and effect. In the event of any conflict or inconsistency between the provisions of this Amendment and any provisions of the Agreement, the provisions of this Amendment shall in all respects govern and control.

3. Corporate Authority. The persons executing this Amendment on behalf of the Parties hereto warrant that (1) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Amendment on behalf of said party, (iii) by so executing this Amendment, such party is formally bound to the provisions of this Amendment, and (iv) the entering into this Amendment does not violate any provision of any other agreement to which said party is bound.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the dates stated below.

ATTEST:

"CITY"
CITY OF PALM SPRINGS, CA.

By _____
James Thompson, City Clerk

By _____
David H. Ready, City Manager

Date: _____

Date: _____

APPROVED AS TO FORM:

By _____
City Attorney

Date: _____

"CONSULTANT"
NBS Government Finance Group (dba NBS)

Date: _____

By: _____

Date: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____ before me, _____
Date Here Insert Name and Title of the Officer
personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer -- Title(s): _____
 Partner -- Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer is Representing: _____

Signer's Name: _____
 Corporate Officer -- Title(s): _____
 Partner -- Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer is Representing: _____

EXHIBIT A-2

CONSULTANT SCOPE OF SERVICES

Review of Internal Processes and Procedures Related to the CSA 152 NPDES Charge

Project Schedule. NBS will meet with City staff, legal counsel, and other interested parties to:

- Establish lines of communication.
- Clarify the specific project goals and criteria that will meet the City's preference.
- Identify and resolve any special circumstances regarding the charge.
- Develop project schedules and provide for effective interaction of all involved parties.
- Establish meeting dates consistent with schedule to achieve project milestones.

Data Collection and Review. NBS will gather and review data relevant to the project, including but not limited to:

- Administrative policies or other documents pertaining to the administration of the charge.
- Budgets including a breakdown of City staff costs.
- Description of City staff time coding or cost allocation systems applicable to work performed on the charge.
- City's cost allocation plan.
- Description and templates for any administrative functions related to the charge currently in use by the City.

Staff Interview. NBS will interview City staff to gather information about the ongoing administration of the charge, both the historical and current processes in place to administer the charge, and any other internal systems related to the ongoing administration of the charge.

Fund Balance Review. NBS will review historical and current fund balances and the tracking processes and procedures of the funds associated with the charge, any surpluses, deficits, current reserve fund levels, any projections previously prepared by the City, along with any goals and policies associated with the charge.

Staff Cost Review. NBS will review the process for determining the annual projected internal staff costs and expenses incurred while administering the charge. Cost categories may include, but not be limited to, all relevant expenses, and incidental costs (engineering, legal, City staff, consultants and ongoing administration).

Administration Procedures. NBS will review current policies and procedures for the charge, and any other documents pertinent to ongoing administration of the CSA 152 NPDES Charge. NBS will review City staff's understanding of the CSA Act, the administration process, and ongoing administration of the charge.

Revised Procedures. NBS will recommend modifications and the creation of policies and procedures, forms, documents, timelines and systems consistent with the CSA Act and the goals and standards of the City for ongoing administration of the charge.

Recommendations Report. Prepare an initial report identifying issues and possible solutions including critical status and a proposed timeline. The report will provide analysis and support for discussion by staff and the City Council.

Presentation of Recommendations Report. NBS will present the recommendations and possible solutions detailed in the report to the City and address any questions or concerns.

Meeting Attendance. NBS will attend meetings to address questions and/or concerns. Meeting attendance is subject to additional reimbursement for time and travel expenses.

Toll-Free Phone Number. NBS will provide a toll-free phone number for use by the City staff and all stakeholders. NBS staff will be available to answer questions regarding the project.

City Responsibilities. The City shall furnish Consultant with any pertinent information that is available to City and applicable to the Services. The City shall designate a person to act with authority on its behalf in respect to the Services. The City shall promptly respond to Consultant's requests for reviews and approvals of its work, and to its requests for decisions related to the Services. City understands and agrees that Consultant is entitled to rely on all information and documents supplied to Consultant by City or any of its agents or contractors and other government sources or proxies thereof as being accurate and correct and Consultant will have no obligation to confirm that such information and documentation is correct and that Consultant will have no liability to City or any third party if such information is not correct.

CSA 152 NPDES Charge Boundary Audit

Project Schedule. NBS will communicate with City staff, legal counsel and other interested parties to:

- Establish lines of communication.
- Clarify the specific project goals, components and criteria that will meet the City's preference.
- Identify and resolve any special circumstances that may be involved in the project.
- Develop project schedules to meet legal requirements and provide for effective interfacing of all involved parties.
- Establish meeting points consistent with schedule to achieve project milestones.
- Establish and coordinate with City staff a schedule to assure completion of necessary actions and compliance with statutes.

Boundary Audit. NBS will research and compare the 2015/16 fiscal year assessment

roll, County Assessor's secured roll data, boundaries from City GIS data, and the original formation and 2015/16 fiscal year documents to identify parcels levied outside the boundaries and parcels missed within the boundaries of the CSA.

Findings Report. NBS will document findings as a result of the audit including proposed corrections and fiscal impact for review and approval by the City.

Corrective Measures. NBS will request the implementation of any corrective measures by the County Auditor-Controller's Office on behalf of the City. NBS will also work with the City to ensure funds are redistributed where applicable.

Preventative Measures. NBS will provide the City with an updated parcel listing to ensure future assessment rolls reflect all and only parcels within the boundaries of the CSA.

City Responsibilities. The City shall furnish Consultant with any pertinent information that is available to City and applicable to the Services. The City shall designate a person to act with authority on its behalf in respect to the Services. The City shall promptly respond to Consultant's requests for reviews and approvals of its work, and to its requests for decisions related to the Services. City understands and agrees that Consultant is entitled to rely on all information and documents supplied to Consultant by City or any of its agents or contractors and other government sources or proxies thereof as being accurate and correct and Consultant will have no obligation to confirm that such information and documentation is correct and that Consultant will have no liability to City or any third party if such information is not correct.

CSA 152 NPDES Charge Levy Audit

Project Schedule. NBS will communicate with City staff, legal counsel and other interested parties to:

- Establish lines of communication.
- Clarify the specific project goals, components and criteria that will meet the City's preference.
- Identify and resolve any special circumstances that may be involved in the project.
- Develop project schedules to meet legal requirements and provide for effective interfacing of all involved parties.
- Establish meeting points consistent with schedule to achieve project milestones.
- Establish and coordinate with City staff a schedule to assure completion of necessary actions and compliance with statutes.

Levy Audit. NBS will research and compare the 2015/16 fiscal year assessment roll as corrected by the Boundary Audit, County Assessor's secured roll data, applicable City data, and the Method of Assessment (rates) found in the original formation documents, the 1997/98 (Prop. 218) and 2015/16 fiscal year documents and reports to recalculate assessment levies for all parcels based on all applicable property characteristics, as

required by the Method of Assessment.

Findings Report. NBS will document findings as a result of the audit including historical modifications, misinterpretation and misapplication of the Method of Assessment, proposed corrections, and fiscal impact for review and approval by the City.

Corrective Measures. NBS will request the implementation of any corrective measures by the County Auditor-Controller's Office on behalf of the City. NBS will also work with the City to ensure funds are redistributed where applicable.

Preventative Measures. NBS will provide the City with an updated assessment roll and supporting data and calculations in an Excel spreadsheet to ensure future assessment rolls reflect the correct application of the Method of Assessment for the charge.

City Responsibilities. The City shall furnish Consultant with any pertinent information that is available to City and applicable to the Services. The City shall designate a person to act with authority on its behalf in respect to the Services. The City shall promptly respond to Consultant's requests for reviews and approvals of its work, and to its requests for decisions related to the Services. City understands and agrees that Consultant is entitled to rely on all information and documents supplied to Consultant by City or any of its agents or contractors and other government sources or proxies thereof as being accurate and correct and Consultant will have no obligation to confirm that such information and documentation is correct and that Consultant will have no liability to City or any third party if such information is not correct.

CSA 152 NPDES Charge Annual Administration Services

Kick-Off Meeting, Project Schedule. NBS will meet with City staff, legal counsel and other interested parties to:

- Establish lines of communication.
- Clarify the specific project goals, components and criteria that will meet the City's preference.
- Identify and resolve any special circumstances that may be involved in the administration of the District.
- Develop project schedules to meet legal requirements and provide for effective interfacing of all involved parties.
- Establish meeting points consistent with schedule to achieve project milestones.
- Establish and coordinate with City staff a schedule to assure completion of necessary actions and compliance with statutes.

Database Development. NBS will update the database with current County Assessor's information including property owner names and addresses, information from the audit, and any other available data that will augment the existing database.

Budget Preparation. NBS will meet with City staff to review the District budget for the coming fiscal year. This budget will be based on historical costs and actual and/or projected changes in costs and/or improvements to be maintained. Cost categories may include, but are not limited to capital improvements and maintenance costs, incidental costs (engineering, legal, District administration) and reserve funds.

Assessment Computation and Rate Analysis. NBS will compute the assessment for each parcel within the District according to the Method of Assessment. NBS will provide an assessment summary which will include the maximum assessments and current year assessments, separated by zone and method of assessment categories, if applicable.

Engineer's Report Preparation. NBS will prepare the annual Engineer's Report and provide to City staff. The annual Engineer's Report does not require a Registered Professional Engineer (PE) signature and stamp unless an assessment increase, as defined by Proposition 218, occurs. The Report will consist of:

- District background information.
- A detailed and technically supported Method of Assessment.
- A description of the improvements and services that are being funded by the District.
- A cost estimate for the improvements and services being funded.
- Copy or reference to the original District Diagram.
- A table showing assessment levies by zone and method of assessment categories.
- An Assessment Roll listing assessments by parcel or reference a complete roll on file with the City.

Meet with City Staff. NBS will meet with City staff to review the Engineer's Report for modifications and approval.

Noticing and Resolution Coordination. NBS will coordinate activities to ensure that required tasks are completed within the scheduled time frame. NBS will assist the City (or the City's legal counsel) with preparation of any notice of public hearing or other meetings requiring publication. NBS will assist the City (or the City's legal counsel) with preparation of the staff report, all legal notices and the associated resolutions described below:

- Resolution describing improvements, initiating proceedings, and ordering the engineer to prepare and file a report for the City.
- Resolution preliminarily approving the Engineer's Report.
- Resolution of Intention declaring the intention of the City Council to levy and collect assessments and setting a date for the public hearing.
- Resolution authorizing the placement of assessments on the secured property tax bills.

Public Hearing Attendance. NBS will attend the public hearing as requested by the City.

Levy Submittal. NBS will submit the levy to the County Auditor-Controller in the required format. Assessments rejected by the County Auditor-Controller will be researched and resubmitted for collection on the County Tax Roll. Any parcels that are not submitted to the County for collection will be invoiced for payment directly to the City.

Final Engineer's Report. NBS will update the annual Engineer's Report and deliver to City staff.

Toll-Free Phone Number. NBS shall provide a toll-free phone number for use by the City, other interested parties and all property owners. NBS will be available to answer questions regarding the District and the ongoing collection of assessments. Bilingual staff is available to assist Spanish-speaking property owners.

City Responsibilities. The City shall furnish Consultant with any pertinent information that is available to City and applicable to the Services. The City shall designate a person to act with authority on its behalf in respect to the Services. The City shall promptly respond to Consultant's requests for reviews and approvals of its work, and to its requests for decisions related to the Services. City understands and agrees that Consultant is entitled to rely on all information and documents supplied to Consultant by City or any of its agents or contractors and other government sources or proxies thereof as being accurate and correct and Consultant will have no obligation to confirm that such information and documentation is correct and that Consultant will have no liability to City or any third party if such information is not correct.

COMPENSATION FOR SERVICES

Review Internal Processes and Procedures, Provide Boundary Audit, and Levy Audit Related to the CSA 152 NPDES Charge

Consulting Services (1).....	\$22,400
Estimated Expenses (1, 2).....	\$1,500
Total Not-To-Exceed of Fees Above.....	\$23,900

(1) The Consulting Fees and Estimated Expenses include two on-site visits to the City; one for staff interviews and one for the presentation of the recommendations report to City staff. Additional onsite visits may incur additional fees and expenses.

(2) See description of expenses below.

Annual Administration Services for the CSA 152 NPDES Charge

Consulting Services.....	\$12,750
Estimated Expenses (1).....	\$250
Total Not-To-Exceed of Fees Above.....	\$13,000

(1) See description of expenses below.

Expenses

Customary out-of-pocket expenses will be billed to the City at actual cost to NBS. These expenses may include, but not be limited to travel, lodging, meals, mailing fulfillment, postage, supplies, reproduction, telephone, data, and mapping.

Annual Fee Increases

A cost of living allowance ("COLA") may be applied to the Administration services listed above on October 1 each year, beginning with October 1, 2017. The COLA would be the actual cost of living increase based on the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers for the Southern California counties.

Terms

Consulting services will be invoiced monthly. Administration services will be billed on a quarterly basis. Expenses will be itemized and included in the next regular invoice. If the project is prematurely terminated by either party or delayed for reasons beyond NBS's control, NBS shall receive payment for work completed. Payment shall be made within 30 days of submittal of an invoice. If payment is not received within 90 days simple interest will begin to accrue at the rate of 1.5% per month.